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DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

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August 28, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex parte communications
CC Docket No. 96-45

Dear Mr. Caton:

This letter is to document that an ex parte communication occurred in Anchorage, Alaska, on August 22, 1996, as the Alaska Public Utilities Commission (APUC) hosted discussion panels on telecommunications issues facing rural Alaska. Present for the discussion were the Commissioners and Staff of the APUC; Commissioner Chong of the Federal Communications Commission; Daniel Gonzalez, legal advisor to Commissioner Chong; and members of the public, industry, and state government. A copy of the transcript of the August 22, 1996, meeting and list of appearances is attached.

Sincerely,

Bruce M. Botelho
ATTORNEY GENERAL

By: Virginia Rusch
Virginia Rusch, Assistant Attorney General
ALASKA PUBLIC UTILITIES COMMISSION

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1 APPEARANCES:

2 PANEL: Problems of Delivering Telecommunication
3 Services to Rural Alaska

4 Mr. Don May, Moderator
5 Mr. Jerry DeFrancisco, President of AT&T Alascom
6 Mr. Steve Conn, Executive Director of
7 Alaska Public Interest Research Group
8 Mr. Greg Jones, Vice President for
9 Rural Services General Communication, Inc.
10 Mr. Lance Ahern, President of Internet Alaska.
11 Mr. Jack Rhyner, President of TelAlaska, Inc.
12 Mr. Red Boucher, President of Revolution
13 Mr. John Lindback, Chief of Staff for
14 Lieutenant Governor Fran Ulmer

15 PANEL: Telemedicine and Tele-education

16 Ms. Susan Elliott, Moderator
17 Mr. Fred Pearce, Director of the Alaska
18 Telemedicine Project
19 Dr. John Monohan, Superintendent of the
20 Fairbanks North Star Borough School District
21 Ms. Kathe Boucha-Roberts, Project Manager for
22 Providence Hospital Health Systems
23 Mr. Dave Fauske, General Manager of
24 Arctic Slope Telephone Association
25 Mr. Gene Kaplanis, Chief Information Officer at
Columbia Alaska Regional Hospital
Mr. Richard Hall, Alaska area Native Health Service
Mr. Robert Medinger, Chairman of the Distance Delivery
Consortium, Technology Assisted Instruction Media Center
Lower Kuskokwim School District

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4 (On record - 9:07 a.m.)

5 CHAIRMAN COTTEN: Good morning. This is the Alaska
6 Public Utilities Commission and the purpose of our meeting
7 today is to enjoy the benefit of some great expertise here with
8 our two panels this morning. One on the problems of delivering
9 telecommunication services in rural Alaska and one on
10 telemedicine and tele-education. We're also very fortunate to
11 be joined today by Commissioner Rachelle Chong of the Federal
12 Communications Commission and her legal advisor, Daniel
13 Gonzalez. We welcome you to Alaska.

14 Let me introduce the Public Utilities Commission. I'm
15 Chairman Sam Cotten. Commissioner Tim Cook and not chairman
16 yet. Commissioner Dwight Ormquist, Commissioner Alice Hanley
17 and Commissioner Don Schröer.

18 Again, we're very pleased to have Commissioner Chong
19 join us here today in Alaska. I asked her how she happened to
20 decide to come to Alaska and she said that at the insistence of
21 our senior senator we've been encouraging her for quite some
22 time to visit Alaska and to gain a better appreciation of what
23 takes place here as far as communications is concerned. We're
24 especially happy to see you here today, too, it's visitor
25 season in Alaska and most of us who live here are always happy

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1 to have visitors because then we can enjoy the benefit of
2 touring around Alaska and going fishing with our visitors or
3 whatever we happen to choose to do. And similar circumstances
4 here today, we will also enjoy the benefit of this panel that's
5 been assembled at your request. So welcome to Alaska and
6 please take the floor here to make whatever opening remarks
7 you'd like to.

8 MS. CHONG: Thank you very much, Mr. Chairman. First I
9 just wanted to correct my name it's, Rachelle, in case anyone's
10 wondering. It's a terrific pleasure to be here in the great
11 state of Alaska. I assume the FCC commissioners don't get up
12 here for Northern Exposure very often and I'm pleased that I
13 was able to find the time to make the trip this year.

14 . I will tell you that my greatest desire is to leave
15 here learning as much as I can about the unique challenges of
16 your state in receiving telecommunications service. That is
17 the primary goal of my trip. As the Chairman mentioned, there
18 were two reasons why I came. The first is that, indeed, the
19 senior Senator, Mr. Stevens, has been, what I would call
20 beating on me for about two years to come to Alaska. He told
21 me that there were very unique challenges faced in your state
22 due to climate and geography and topography and that I simply
23 couldn't believe it unless I saw it with my own eyes. And so
24 being that I'm from the state of California and I'm the only
25 West Coast Commissioner on the Federal Communications

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1 Commission, I felt a special responsibility to come out and to
2 find out what is going on in Alaska so that I can better
3 represent your state's interests in the decisions that I make
4 at the FCC.

5 We are also in my office looking very carefully at the
6 interests of other rural, insular or remote states, such as,
7 the Northern Maryannis Islands, Hawaii, Guam, Puerto Rico. I
8 wanted to talk for just a minute about the new
9 Telecommunications Act of 1996, which was passed into law in
10 February of this year. As you may know, the Commission has
11 been working literally night and day to implement the Act. For
12 the first time the Act recognizes the convergence of numerous
13 types of telecommunication, such as telephone, video
14 programming, data services. There is no question that the new
15 act represents a very dramatic fee change in how the Commission
16 regulates communications. It basically shifts us from a
17 monopoly style regulation to a competitive model.

18 As you may know, the primary purpose of law is to
19 promote competition and reduce regulation to secure lower
20 prices and higher quality services for American
21 telecommunication consumers and to encourage the rapid
22 deployment of new telecommunications. And I would say that the
23 main thrust of the law is to introduce competition particularly
24 in the local telephone and the video programming markets. As
25 you may know right now, most American communities have only one

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1 cable provider and one local telephone provider. And so to
2 encourage more competition in both of these markets, the Act
3 encourages various types of companies to enter these markets.

4 I wanted to just take a minute to step back and to give
5 you my perspective on what I think the Act will do for the
6 communications market in the future. I think that what the new
7 law is encouraging is the building of two facilities based
8 broadband wires into the home. One provided by the telephone
9 company and one provided by the cable company. And through
10 these wires, a very broad variety of services will be offered.
11 Services including telephone service, video programming,
12 interactive services, data services, things like home shopping
13 and high speed internet access. And I also wanted to add that
14 in addition to the wired pipes going into the home, there will
15 also be wireless pipes to the homes so that these types of
16 services may also be delivered wirelessly. So I think that my
17 personal vision is that in maybe three to five years, the
18 average American will have multiple choices for any
19 communication service that he or she wants and they would be
20 ordering these services from what we currently call the
21 telephone company, the cable company, the wireless company.
22 And -- but they will be ordering all of these varieties of
23 services from any of those providers.

24 Now, let's get down to specifics. I came to Alaska to
25 do some fact finding in relation to the federal/state joint

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1 board's ongoing proceeding on universal telephone service. I
2 am one of three FCC commissioners that are entrusted with
3 serving on this joint board, along with four state
4 commissioners and one consumer advocate representative. Now,
5 in addition to the pro-competitive deregulatory goals of the
6 Act that I was just talking about, the new law requires us to
7 preserve and advance universal telephone service to all
8 Americans. And under the Act, the federal/state joint board
9 has been charged with restructuring our current universal
10 service system. Congress has directed us to revamp our current
11 system to make sure that all Americans have access to
12 communication services at just, reasonable and affordable
13 prices.

14 The new universal service system must ensure that all
15 subsidies are funded in an explicit manner and not an implicit
16 manner with all telecommunication carriers paying into the
17 universal service fund. Under the system eligible telecomm
18 carriers will receive subsidies irrespective of the technology
19 that they use to provide the telephone service. In other
20 words, whether or it's wired or wireless or something else, it
21 won't matter. We've also been asked to ensure that rural,
22 insular and high cost areas are better served by basic telecomm
23 services.

24 And, in addition we've also been charged with promoting
25 access to advanced telecommunication services. This may

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1 include applications such as telemedicine or tele-education.
2 So I am here to learn as much as I can about what Alaskans have
3 done in this area and to understand the very special challenges
4 that you face here due to geography, topography, climate and
5 remoteness.

6 Finally, I just wanted to add that, I know it's not
7 often you get a chance to have a go at an FCC commissioner in
8 person, also I brought my very able common carrier advisor,
9 Mr. Gonzalez, ~~with me.~~ We have been working very hard on
10 implementation of the Act, so if you'd like to come up and ask
11 some questions about the implementation of the Act, we would be
12 happy to make ourselves available to answer questions.

13 Finally, I did want to note that remarks made at this
14 mornings meetings will be made part of the official record of
15 the federal/state joint board proceeding on universal service,
16 so you should be aware that these remarks will be included in
17 the Commission's record. Thank you very much to everybody who
18 has been contributing to make sure that I have an instructive
19 and informative trip here to Alaska.

20 Thank you.

21 CHAIRMAN COTTEN: Thank you very much, Commissioner
22 Rachelle Chong. And, again, thank you for coming to Alaska, we
23 certainly appreciate it. Well, we can go right into our panel
24 discussion at this time. The first of our distinguished and
25 outstanding panels will discuss the problems of delivering

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1 telecommunication services in rural Alaska and the moderator
2 for this panel is Don May, who is a former utility commissioner
3 and currently is the director of the NBA program and
4 telecommunications management at Alaska Pacific University.
5 And I'd ask Don to introduce his panel and at this point you
6 have the floor, sir.

7 MR. MAY: Thank you, Mr. Chairman. Good morning, I'm
8 Don May and I'm the moderator for this morning's first panel;
9 Problems of Delivering Telecommunication Services to Rural
10 Alaska. It's a daunting title. But problems demand solutions,
11 but more accurately a choice of solutions. I think today we'll
12 here more about solutions and choices than we will about
13 problems.

14 Think for a minute, if you will, about the problems of
15 delivering telecommunication services to rural Alaska. Are
16 they technical problems, economic problems, political problems?
17 Perhaps they're a combination of all three? We do know that
18 historically Alaska has been an expensive place to provide
19 telecommunication services. The climate is often harsh,
20 distances are vast and the population is vastly distributed.
21 Commissioner Chong, if you drive a few miles outside of
22 Anchorage, Alaska, this will all become very clear if you ever
23 get the chance to do that.

24 We also note that in the past, state policy makers and,
25 yes, even federal policy makers have made and enforced a strong

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1 commitment to ensure that telecommunication services are
2 available to all Alaskans. For example, in the very early days
3 of long distance service in Alaska, after our system was
4 privatized in 1970, before that, remember it had been owned by
5 the U.S. Government. Now, the state requires that all
6 communities of 25 persons or more be provided modern long
7 distance telecommunication service. This was an ambitious goal
8 in the state with many communities that are fewer than 200
9 people, most of which are not connected by roads. This
10 required building a satellite based system with earth stations
11 in villages in rural Alaska now common place. While technology
12 has changed and will continue to change, the satellite model of
13 delivery of long distance services is still the dominate model
14 in rural Alaska.

15 So much for the past, what about the future? The
16 Telecommunications Act of 1996 has stood the world on its head,
17 both the old players in the market and the new entrants in the
18 market have new visions and new dreams of what
19 telecommunication service is, how it can be provided and what
20 role it should play in shaping the good society in the digital
21 age. Even more important for us, how does it apply to our
22 state, Alaska?

23 Today's panel will discuss those topics. I'll
24 introduce the panelists very briefly. Starting at my immediate
25 left is Mr. Jerry DeFrancisco, President of AT&T Alascom.

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1 Proceeding to the left, Steve Conn, Executive Director of
2 Alaska Public Interest Research Group. To his left, Greg
3 Jones, Vice President for Rural Services General Communication,
4 Inc. To his left, Lance Ahern, President of Internet Alaska.
5 Moving past our Court Reporter, Suzie, to her left is Jack
6 Rhyner, President of TelAlaska, Inc. To his left is Red
7 Boucher, President of Revolution. And our last panelist is
8 John Lindback, Chief of Staff for Lieutenant Governor, Fran
9 Ulmer.

10 The way today's panel will work, I've asked each
11 panelist to limit their remarks to 10 minutes, it's a large
12 panel and our time is limited. I will be enforcing the 10
13 minutes and the young lady in the front row for the panelist is
14 also my assistant timekeeper. Raise your hand, Christina. And
15 she'll also be helping me if I forget. After the 10 minute
16 presentations or not to exceed 10 minutes, there will be time
17 for questions. We've allocated five minutes, it's fairly
18 short. The first questions will go to Commissioner Chong, our
19 out of state guest, after that if there's time, we'll have
20 questions from APUC commissioners. I may have to limit you
21 commissioners, depending on your own discretion. My one chance
22 to -- the tables are turned for once and I know you all have
23 many questions.

24 With no further ado, let me introduce Jerry
25 DeFrancisco. Jerry's fairly new to Alaska, been here about a

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1 year, a little over a year. But he's not new to telephone,
2 he's been with AT&T for 24 years in a number of assignments
3 throughout the U.S. When AT&T acquired Alascom and became AT&T
4 Alascom, he came up here to become the president, Mr.
5 DeFrancisco.

6 MR. DEFRANCISCO: Thank you, Don. It's a pleasure to
7 be here this morning to talk about a subject that's very
8 important to me as well as all the women and men of AT&T
9 Alascom. When I think about the challenges of delivering
10 service in rural areas, what normally comes to mind is
11 distance, weather, geography and what kind of technological and
12 challenges that presents. But I think the technological
13 challenges are small and very solvable compared to the economic
14 and regulatory challenges.

15 As I've traveled through Alaska in the last year and I
16 am new to Alaska, I don't pretend to be an expert, but I've
17 kind of had a crash course in the last year. We asked a group
18 of people to come together to be a rural and Native advisory
19 board for us from areas all throughout Alaska and one of the
20 first things they challenged me to do is, if you're really
21 interested you have to come out and see rural Alaska. So I've
22 traveled extensively in the last year or year and a half. I've
23 been to many different places, talked to the people that we
24 serve in those places, all the way from municipal government,
25 state government, hospitals, clinic, school administrators and

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1 school children and people that use our service throughout
2 Alaska. And when I think of the challenges, it's very easy to
3 come up with technical solutions for what people want.

4 The difficulty is the economic and the regulatory
5 hurdles to get there. Because we're sparsely populated and
6 scattered throughout the state, it's difficult to get a
7 critical mass that makes investment economically feasible. We
8 have made some investments. One of the first things we did was
9 to evaluate the network here and decided right away, it was not
10a difficult decision to spend 35 million dollars to upgrade the
11earth stations in the rural villages because the level of
12service that was currently being provided didn't provide any
13kind of a platform to move forward.

14 We've also spent about 10 million dollars in Southeast
15Alaska to complete a route through there that's totally
16digital. We're replacing some radio equipment that went in in
17the late '60s. The idea was, unless we created that basic
18platform we weren't even ready to begin talking about what kind
19of other services could be provided. However, having done that
20the next step is, what does everyone want, what is the level of
21service people are asking for? And again, the technical
22challenges are not that large. We understand how to do it and
23I've gotten past in my career ever saying, that problem X is
24technology unsolvable, because normally within three months the
25right minds get on it and it gets solved. So that's not the

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1 question. The question is, economically how do we serve people
2 in a rural population that is diverse and scattered throughout
3 a wide geographic area with the barriers of geography and
4 weather that we're also familiar with?

5 I think the good news is the Communications Act of 1996
6 sets the stages for the changes that we need to make. I think
7 we're just beginning to realize the impact of that Act and how
8 far reaching it's going to be into all of our lives. It's a
9 fundamental shift in the regulatory process, a sea level change
10 unlike anything I think we've seen before. And in Alaska, I
11 know the APUC has worked hard to develop a competitive market
12 that will enable competition to flourish, new services to come
13 in and prices to come down. And I think this Act, again, sets
14 a whole new level of study for us and action really, an agenda
15 that says, what do we do to take advantage of this and what are
16 the changes that are going to result because of what's
17 happening.

18 In order to get the benefits of competition, we need to
19 make sure that people want to invest the right kind of dollars
20 and effort into rural Alaska to bring those kind of services.
21 And the current subsidy mechanism, that's where universal
22 services recovered through access is not going to allow that to
23 happen. It's hidden -- it's a hidden tax, we're all paying it,
24 we just don't see it in front of us. So we are very encouraged
25 by the initial steps of the Communications Act and the ongoing

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1 activities that have mandated that subsidies of this type are
2 necessary but they need to be explicit, they need to be fairly
3 distributed and paid by everyone.

4 As I said, we're paying it now, so let's call it what
5 it is, lay it out on the table and decide what we do about it.
6 And part of that is determining a rational level of what is the
7 cost of providing local service. From an AT&T standpoint we
8 fully agree that universal service needs to be delivered. We
9 need it to make service affordable to everyone, including those
10 who don't have the means to pay for basic telephone service as
11 well as for people who are located in isolated areas where the
12 cost of providing service is above the average. But our
13 position is that that subsidy needs to be provided in an
14 explicit form as a surcharge on everyone providing retail
15 telecommunication services so that it is spread out and we know
16 what it is.

17 And that's our fundamental position and we believe if
18 that happens we'll understand better what it takes to provide
19 service economically and I think will encourage investment.
20 And people will be prompted to develop new services and find
21 creative ways to deliver them. But no matter how good the
22 technology is, if the economic platform is missing and the
23 economic payback is not there, then I don't think we're going
24 to proceed to where we need to be.

25 I've learned a lot about Alaska in the last year. I've

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1 learned a lot about what it takes to live in rural Alaska, even
2 though I've never lived there myself. And I've been
3 continually impressed by the ingenuity of people and the things
4 that they have developed on their own in order to have a
5 quality of life in those areas. And I think that one of the
6 great things about being in this industry aside from being in
7 an industry that's exploding with all kinds of technological
8 opportunities, it is a real opportunity to do something that
9 benefits people aside from being in a business like any other
10 business. I'm seeing that the benefits of delivering services
11 to rural areas, seeing students in remote areas having access
12 to education so they don't have to leave their villages and
13 leave the cities that they've grown up in.

14 In places where it's happened, it's been demonstrated
15 that graduation rates improve. I was on St. Paul Island
16 recently and talking to the school commissioner there who
17 talked about establishing a high school on St. Paul Island has
18 like tripled the graduation rate for residents of St. Paul
19 Island because students don't have to face leaving their
20 families and going somewhere else.

21 Again, delivering the level of service we have there
22 today costs money. To deliver what we want to do is going to
23 cost more money and the question is, what's the trade-off
24 between our ability to provide that service and ability to have
25 it paid for. I think competition can exist in rural Alaska. I

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1 think it can exist there as it can anywhere else, but we also
2 recognize the unique needs of the local exchange companies in
3 those areas and we believe that the modification of the
4 universal service fund will enable those rural companies,
5 provided they're run like any other company, to survive and
6 prosper. But we need to take out this hidden subsidy, this
7 hidden tax and lay it on the table and understand what it is
8 we're trying to do.

9 So that's the basic message that I have this morning.
10 Again, I didn't want to bore you with the challenges of serving
11 all areas in Alaska because I think you know that. You've
12 heard the stories about helicopters servicing sites and
13 refueling generators on mountain tops, that's all a given if
14 you want to do business in Alaska. We did not shrink from that
15 when AT&T came to Alaska because that's part of doing business
16 in Alaska and if we didn't want to do that, we wouldn't have
17 come to Alaska.

18 The real question, as I said, is the economic hurdle
19 and the regulatory hurdle and we're very encouraged by what's
20 happening with the Communication Act and very confident that
21 given the right determination of basic levels of service and
22 the right subsidy to make sure everyone has access to those
23 services, that those services will be delivered and that will
24 deliver benefits to society as well as being able to have
25 healthy businesses here in Alaska.

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1 Thank you.

2 MR. MAY: Thank you, Mr. DeFrancisco. Questions from
3 Commissioner Chong?

4 MS. CHONG: Yes. Mr. DeFrancisco, you were talking
5 about, we need to identify the right core services for
6 universal service. In the Commissions notice we had suggested
7 five core services, voice grade access, touchtone, single party
8 service, access to emergency services and access to operator
9 services. Do you think that list of five core services is
10 appropriate for the rural communities that you're speaking of
11 or would you add something to that list?

12 MR. DEFRANCISCO: I believe it's the starting point. I
13 think that there is demand for other services. We are still
14 not certain as to what the level of those services are and how
15 pervasive the demand is for those services. We know that the
16 schools would like internet service, for example. I don't --
17 I'm not ready to say that that should be part of a universal
18 service at this point.

19 Again, the big question in my mind, Commissioner, is
20 economically how do we provide first that basic level of
21 services that you mentioned and the next step, if we want to
22 raise the level and provide more services, what is that going
23 to do to the economic model and what's going to happen from
24 there.

25 MS. CHONG: Now, we've been talking about various cost

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1 models to determine what kind of support would be paid to the
2 carriers providing universal service. I don't know how
3 familiar you are with it, but we've been looking at some proxy
4 models that might allow us to give reasonable estimates and
5 reimburse the carriers that are doing universal service. Does
6 AT&T Alascom have any opinions about the proxy models and
7 whether that might be the way to go as opposed to going with,
8 for example, historical costs or a competitive bidding type of
9 procedure?

10 MR. DEFRANCISCO: We believe that the right model is
11 the one being discussed and that's total service long range
12 incremental costs, so called TSLRIC. The difficulty with
13 historic cost is in some cases those historic costs may
14 represent obsolete or redundant or unnecessary facilities. So
15 we need to look forward to understand what it's going to take
16 to provide service and like any business if we've invested
17 something and that investment turns out to be obsolete or turns
18 out to be unnecessary, then we can't turn to our customers and
19 say you need to make that up because we've made a mistake. So
20 we believe in the TSLRIC economic model and we think that will
21 fit for the majority of the country.

22 MS. CHONG: We've been looking at some proxy models,
23 but I note that they do not include Alaska in it. And so I
24 just wanted to suggest to the parties that are here that if we
25 are to use mechanisms like a proxy model, for example, what

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1 would be appropriate especially when the ones that we're
2 looking at right now only deal with the 48 continental states
3 and not states like Alaska and Hawaii, for example.

4 MR. DEFRANCISCO: Well, I believe that we should still
5 use the model for the Lower 48 and then any difference between
6 providing cost in the -- all but one local exchange company in
7 Alaska, qualify under the rural exemption of the Act. So if we
8 use the TSLRIC model for costing, say that's the average cost
9 of providing local service, then the new universal service fund
10 could make up the difference in the case of a rural exchange
11 such as in Alaska whose costs are higher. And the difference
12 would be again, coming through an explicit subsidy to make up
13 the difference between the average cost and the actual cost
14 here.

15 MS. CHONG: Now, suppose we get the amount of support
16 right, do you think that this will be enough to encourage your
17 company to make that economic trade-off and put those
18 facilities in in these remote communities?

19 MR. DEFRANCISCO: Well, I think the -- I think it will
20 provided we expand the universal service fund in areas where we
21 have average cost and average prices such as in Alaska. It
22 costs the same for a basic length of telephone call from urban
23 to urban area as it does in a rural area. If we're going to
24 have averaged rates, then there needs to be for the inter-
25 exchange company also an incentive to provide service and that

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1 could be made up also by a universal service subsidy that
2 compensates that carrier for providing that service and making
3 the investment into a rural area. Because today we are faced
4 with a dual model between the rural areas and the urban areas
5 and different levels of cost. And as long as we want to have
6 average pricing, I think again, some type of a subsidy
7 mechanism for the difference between providing those services
8 would be what would really prompt long distance companies to
9 want to provide services into rural areas.

10 MS. CHONG: Thank you. That's the end of my questions.

11 MR. MAY: Thank you. Chairman Cotten or APUC
12 Commissioners?

13 CHAIRMAN COTTEN: Mr. May, I think we'll pass on this
14 one. I think we'll have opportunities to ask Mr. DeFrancisco
15 questions.

16 MR. MAY: Thank you. Our second speaker is Steve Conn,
17 Executive Director of the Alaska Public Interest Research
18 Group. Mr. Conn is a former professor of justice at the
19 University of Alaska and has published extensively on problems
20 of rural minorities and cultural minorities in Alaska and
21 elsewhere in the world. Mr. Conn has traveled extensively in
22 Alaska including the Alaska, what he refers to as the old days,
23 Steve.

24 MR. CONN: Thanks very much, Don, and thank you very
25 much for the opportunity to participate in the panel. As Don

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1 indicated, for more than 20 years I've looked very closely and,
2 in fact, was attracted to Alaska by the challenge of the
3 delivery of justice services or law services to the 200 plus
4 Alaska Native villages throughout the Alaska landscape. And in
5 that vein my first present to you, Commissioner Chong, will be
6 something that is uniquely missing in this public room, a map
7 of Alaska that has the Alaska Native villages on it. Because I
8 was impressed by the fact that the map being used by the FCC in
9 developing proxy models is somewhat akin to maps in the 19th
10 century in the sense that it absolutely has blank spaces in it
11 unsurveyed, unknown, terra incognito.

12 Well, the state is fairly well known and fairly well
13 developed. The challenge of universal service in this state,
14 if it is to meet the terms of the act is going to be profound,
15 because the subject of access has to do not only with the issue
16 of cost but as that issue with fundamentally laying down a
17 technological infrastructure that will meet the needs, both
18 present and aspired to by the 200 plus Alaska Native villages
19 in which are Athabascan people, Yupik Eskimos, Inupiat,
20 Tlingit, Haida, Shim-Shim, Siberian Eskimo and Aleut
21 populations all characterized as American Indians, but none of
22 -- but all of whom live in -- with the exception of Metlakatla
23 live in non-reservation context. Villages that range in
24 population from extremely tiny to several thousand and most of
25 whom are organized already in terms of delivery of services

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1 around regional service centers. That's a very important point
2 here.

3 The Act suggests that consumers in the subject of rural
4 and high cost, the Act states consumers in all regions of the
5 nation, including low income, consumers, and in rural insulate
6 or high cost areas should have access to telecommunication
7 information services, including interchange services in
8 advanced telecommunication information services that are
9 reasonably comparable to the services provided in urban areas.
10 And that are available and at reasonably comparable rates
11 charged for similar services.

12 We've had the pleasure of having Assistant Commerce
13 Secretary, Larry Irving, here. We've read his report on the
14 technological have's and have not's. We've also had a chance
15 to review the Rand Corporation study which is advocating
16 universal access to E-Mail. In other words, the planners are
17 now proposing that universal service in the '90s and in the
18 next century do precisely what universal service did in the
19 '30s for rural America. That is, bring into -- bring into play
20 the talents and opportunities, hopes and dreams of the people
21 in rural Alaska. We have fought vigorously, even as the Act
22 was being drafted, about -- and I mean not only consumer reps,
23 but service providers, as to how this could be. And I have for
24 you a report, which I dare say the Lieutenant Governor's
25 representative will provide you as well, Alaska 2001. We've

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